

GENERAL COUNSEL'S REPORT

December 13, 2017

A. Monroe Carell Jr. Children's Hospital at Vanderbilt (VUMC) Nashville, (Davidson County),
TN 37232- CN0710-075AE

Unanimously approved for the construction of a new building immediately adjacent and connected to the existing MCJCH. The new building is designed to house 90 additional pediatric acute critical care beds, 36 neonatal intensive care beds (16 relocated from Vanderbilt University Hospital {VUH}), an expanded obstetrical service including 36 relocated postpartum beds (all relocated from VUH), 12 new antepartum beds, 16 labor and delivery suites (12 relocated from VUH), 2 relocated operating rooms from VUH plus one additional obstetrical operating suite dedicated to fetal surgery. Five pediatric operating rooms are proposed on the third floor which will also contain 5 additional shelved operating rooms. The existing MCJCH contains 621,420 gross square feet. The proposed construction contains 372,140 gross square feet. Overall the new building will house 190 beds, 85 of which are relocated from VUH, for a total licensed bed increase of 105 beds.

- The applicant provided project updates to Agency members on June 23, 2010 and June 23, 2011 and Agency members determined that no modifications were needed.
- On January 22, 2014, the Agency granted a four year extension from March 1, 2014 to March 1, 2018 and a modification to downsize the project from 372,140 SF to 210,000 SF and from \$248,326,286 to \$120,000,000.

Request for a 32 month extension, from 3/1/2018 to 11/1/2020.



C. Wright Pinson, M.B.A., M.D.
Deputy Chief Executive Officer, VUMC
Chief Executive Officer, Vanderbilt Health System
Senior Associate Dean for Clinical Affairs

October 30, 2017

Ms. Melanie Hill
Executive Director
Health Services and Development Agency
502 Deaderick Street, 9th Floor
Andrew Jackson Building
Nashville, TN 37243

Re: Vanderbilt University Hospital, CN0710-075AE

Dear Ms. Hill:

This letter is submitted on behalf of Vanderbilt University Medical Center ("VUMC", formerly known as Vanderbilt University Hospital) relative to the certificate of need ("CON") referenced above.

Background

As originally approved in January of 2008, the CON was for new building on the campus of Monroe Carell Jr. Children's Hospital at Vanderbilt ("MCJCHV") with space to accommodate the addition of 105 licensed beds. (MCJCHV is not separately licensed, but is a portion of VUMC dedicated to pediatric services.) The original project cost was \$249,326,286.00, and the original CON expiration date was March 1, 2014.

In June of 2010, the Agency approved a modification of the CON to be implemented on a phased basis. The first phase of the project, as approved by the Agency, was a horizontal addition to the existing MCJCHV building to accommodate 33 of the 105 new beds granted under the CON. VUMC committed to return to the Agency to seek further modification as necessary to address subsequent phases and modifications. The first phase of the project was completed in May of 2012.

In January of 2014, VUMC obtained approval for a significant modification of the project. The scope of the project, as modified, now involves a 4-story vertical addition to the existing MCJCHV, rather than a new building. As a result of this modification, the total number of square feet of new construction was reduced from 372,140 square feet to approximately 210,000 square feet, and the total project cost was projected to be approximately \$120,000,000.00 rather than \$249,326,286.00. The expiration date of the CON was extended to March 1, 2018.

In September of 2014, the Agency approved another CON for VUMC, CN1406-021A, which involves the build out of 3 of the new shelled floors, added to MCJCHV under CN0710-075AE, the renovation of existing space at the medical center, and the addition of 108 licensed

beds. The total project cost under this CON is \$118,276,950.00, and it expires November 1, 2020.

Current Status of CN0710-075AE

The completion schedule for this project has taken longer than originally anticipated. As noted above, the project has been modified materially. Further delays and complications have occurred relating to the necessity to relocate a helipad, difficulty in securing the necessary construction cranes and complexity of coordinating this project with the large project approved under CN1406-021A.

The scope of the project has not changed from the modification approved in January of 2014. Notwithstanding the challenges mentioned above, significant progress has been made toward completion of the project, and of the 105 beds approved, 79 have been implemented. The steel top-out has occurred, and the exterior studs and sheathing have started. The exterior skin and curtainwall will begin followed by the interior stud framing within the next 9 months (or by mid-2018).

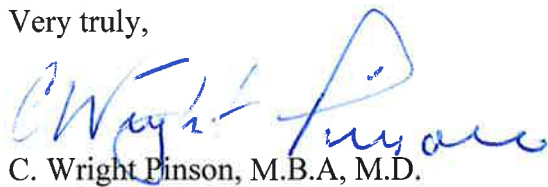
We understand that, with elimination of capital projects from CON requirements, a change in the project cost is technically not relevant to this extension request. For informational purposes, the updated project cost is approximately \$140,000,000. This is greater than the projected cost at the time of the modification of in January of 2014, but still significantly less than the original project cost of almost \$250,000,000.

Requested Extension

Because of the complications described above, additional time is needed in order to complete the project. Considering the complexity of the project and the need to coordinate the project authorized under CN0710-075AE with the significant project authorized under CN1406-012A, we respectfully request that the expiration date of CN0710-075AE be extended until November 1, 2020, which is also the expiration date for CN1406-012A. We do not believe an additional filing fee is required in connection with this request, because the maximum filing fee has been previously paid.

We would appreciate this request being placed on the agenda for the Agency's meeting in December. Please let me know if you have any questions or if you need additional information.

Very truly,



C. Wright Pinson, M.B.A, M.D.
Deputy Chief Executive Officer, VUMC

Cc: Luke Gregory, Monroe Carell Jr. Children's Hospital at Vanderbilt
Michael Regier, Vanderbilt University Medical Center
Ginna Felts, Vanderbilt University Medical Center
Dan Elrod, Butler Snow



State of Tennessee

Health Services and Development Agency

Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

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ANNUAL PROGRESS REPORT ANNUAL REVIEW FOLLOWING CERTIFICATION

Project Name: Monroe Carell Jr. Children's Hospital at Vanderbilt

Certificate of Need #: CN0710-075

Legal Owner: Vanderbilt University Medical Center

Approval Date: January 23, 2008

Expiration Date: March 1, 2018

Project Description:

Monroe Carell Jr. Children's Hospital at Vanderbilt received approval for modification of the original certificate of need in January 2014.

The first phase of this project included a 33-bed expansion, which opened in May 2012.

This second phase will consist of a four floor vertical expansion of the existing MCJCHV. The one floor with 36 beds will be constructed for use with the remaining three floors shelled for future build-out. An intermediate mechanical level will also be added. In addition, all existing elevators will be extended, and two additional passenger elevators added and connected through to the lower levels. The existing helipad will also be relocated to the top of the new structure.

******PLEASE SUBMIT EVIDENCE TO SUPPORT EACH ANSWER******

In a brief narrative, please describe the current stage of completion for the project (use another sheet of paper if necessary). **Please note that this report will not be considered complete without this information.**

Construction continues on the Children's vertical expansion. With the recent construction boom in Nashville, the cranes were delayed six months and were not erected until December. The helipad at Children's closed in August 2016 in preparation for the construction. Approval from State Health was received in early January 2017. Progress on the vertical expansion continues. Examples include structural columns are being placed; formwork and reinforcing steel are being installed; and the engineers continue to layout the edge slabs, columns and shear walls. Over the few months, construction will include but is not limited to the installation of elevator shear walls and shafts, demolition of exterior façade, installation of decking, decking and forming, reinforcing, and pouring the slabs for the new floors.

A. CONSTRUCTION PROJECTS

1. Anticipated date of project completion. Uncertain – extension will likely be necessary
 2. Provide written confirmation from the contractor documenting the stage of construction at the current time.
 3. If proposed construction costs have increased over ten (10%) percent please provide information as an attachment to this form. Please note that such an overrun could require additional action before the Agency.
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State of Tennessee

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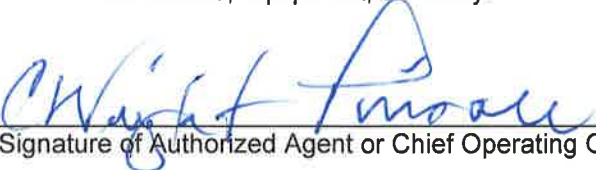
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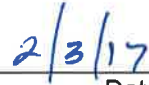
B. NON-CONSTRUCTION PROJECTS

1. Anticipated date of service implementation, acquisition or operation of the facility or equipment as certified.

2. Provide written confirmation from the institutional representative verifying the occupancy/opening date for the service, equipment, or facility.



Signature of Authorized Agent or Chief Operating Officer



Date

Bright, Amanda

From: Hygrell, Jennifer A
Sent: Thursday, February 02, 2017 9:40 AM
To: Hall, Clisby
Cc: Felts, Ginna; Fitzgerald, Chad; Bright, Amanda
Subject: CON Annual Progress Report - For Signature
Attachments: Annual Progress Report 3.1.2017.docx

Clisby,

Attached please find the Annual Progress Report required for the MCJCHV Expansion Certificate of Need for Dr. Pinson's signature. Ginna or I are happy to answer any questions.

Thank you,
Jennifer

*Jennifer Hygrell
Administrative Manager
Business Development and Vanderbilt Health Services
3319 West End Ave.
Suite 920
Nashville, TN 37203
615-936-6012*



State of Tennessee

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May 28, 2014

Ginna Felts
Vanderbilt University Medical Center
3319 West End Avenue, Suite 920
Nashville, TN 37203

RE: Monroe Carell Jr. Children's Hospital at Vanderbilt - CN0710-075AE

Dear Ms. Felts:

As referenced in our recent letter, please find enclosed your revised Certificate of Need for the above-referenced application, to which modifications were approved at the January 22, 2014 meeting of the Tennessee Health Services and Development Agency.

Should you have any questions or require further information regarding this Certificate, please do not hesitate to contact this office.

Sincerely,

A handwritten signature in black ink, appearing to be "JC" or similar, written over a horizontal line.

James B. Christoffersen
General Counsel

JBC/MAB

cc: Trent Sansing, Division of Health Statistics, Office of Policy, Planning & Assessment
Ann R. Reed, Health Care Facilities - Licensure
Bill Harmon, Director of Engineering, Health Care Facilities

STATE OF TENNESSEE
Health Services and Development Agency



Certificate of Need No. **CN0710-075AE** is hereby granted under the provisions of T.C.A. § 68-11-1601, *et seq.*, and rules and regulations issued thereunder by this Agency.

To: Vanderbilt University Hospital
1211 22nd Avenue South
Nashville, TN 37232

For: Monroe Carell Jr. Children's Hospital at Vanderbilt

This Certificate is issued for: The expansion of the existing Monroe Carell Jr. Children's Hospital (MCJCH) through an adjacent building connected to the existing hospital. The new building will contain 90 additional pediatric acute critical care beds, 36 neonatal intensive care beds (16 relocated), and an expanded obstetrical service including 36 relocated postpartum beds, 12 new antepartum beds, 16 labor and delivery suites (12 relocated), 2 relocated operating rooms and 1 new obstetric operating room. Five pediatric operating rooms are proposed on the third floor which will also contain 5 additional shelled operating rooms to accommodate continued growth. MCJCH is not licensed separately from Vanderbilt University Hospital (VUH). This project will increase the licensed bed capacity by 105 beds from 946 to 1,051.

* This Certificate is a replacement of the originally issued Certificate of Need pursuant to Agency Rule 0720-10-.06 Expiration, Revocation, and Modification of issued Certificates. Extension of Expiration date for four (4) years from March 1, 2014 to March 1, 2018 was granted at the January 22, 2014 Health Services and Development Agency Meeting. This project was originally approved on January 23, 2008.

On the premises located at: 2200 Children's Way
Nashville (Davidson County), TN 37232

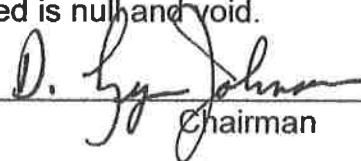
For an estimated project cost of: \$248,326,286.00

The Expiration Date for this Certificate of Need is

* March 1, 2018

or upon completion of the action for which the Certificate of Need was granted, whichever occurs first. After the expiration date, this Certificate of Need is null and void.

Date Approved: January 23, 2008


Chairman

Date Issued: February 27, 2008

Date Reissued: May 28, 2014


Executive Director